

February 2011 P-Card Policy Revision Q&A

Following are questions captured from the Feb. 2011 P-Card Policy Revision Webinar, held Feb. 23, 2011. The questions are arranged by topic. For more information, please consult the policy on the DOAS State Cards program website at <http://doas.ga.gov/StateLocal/SPD/Services/Pages/SpdCards.aspx>. A recording of the original webinar can also be found there. For questions, please contact the State Cards Program Manager at pcards@doas.ga.gov.

Vehicle, Fleet Maintenance and ARI Related

Q: Are there any ARI vendors in southeast GA? If not, can the p-card still be used for vehicle repairs and maintenance or do these have to be paid via use of eProcurement?

A: The Motor Vehicle Maintenance Program provides a total fleet management solution to state and local governments. The program, offered through Automotive Resources International (ARI), provides a cost-effective method of handling and tracking motor vehicle operational expenses. The program includes a nationwide supplier network for repairs, preventive maintenance, emergency towing or roadside assistance and ASE-certified mechanics on call. There are more than 3900 suppliers in Georgia. For a list of suppliers in Georgia, please visit the Office of Fleet Management Motor Vehicle Maintenance Program web page at <http://doas.ga.gov/StateLocal/Fleet/Pages/FleetMVCMP.aspx>.

According to the Statewide Purchasing Card Policy, “Fuel, mechanical repairs, and maintenance of State-owned or rental vehicles” are prohibited. While “Exceptions may be granted upon verification of procedures to enter costs into Vital, the State’s fleet management system administered by the DOAS Office of Fleet Management”, we *strongly* recommend use of the ARI contract. Exceptions will be granted on a limited basis and only when supported by a justifiable need. Note: Non-mechanical body shop repairs not covered under the state’s vehicle maintenance contract may be paid for with a P-Card program account.

Q: In our technical colleges, many operate CDL truck driving programs using state owned trucks. Would emergency vehicle repairs such as flat tires be allowed to be made with the p-card? This would be a situation where such occurs while on the road during instruction of students.

A: The Wright Express Fuel Card would actually be the better payment method for these scenarios. The Fuel Card Standards and Guidelines state “In some cases where approved in advance and in the State’s best interest, fluids, car washes and minor miscellaneous items for state vehicles (i.e. incidental non repair/maintenance items only) whose value, taken together, shall not exceed \$50 per month. All other non-fuel purchases or incidental purchases totaling more than \$50 per month must be approved in advance by OFM/SPD using the Fuel Card Special Approval Request (form SPD-FC001).

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Q: If you perform repairs on vehicles in house and enter the information into VITAL, can the P-Card be used for parts, etc.?

A: According to the Statewide Purchasing Card Policy, “Fuel, mechanical repairs, and maintenance of State-owned or rental vehicles” are prohibited. While “Exceptions may be granted upon verification of procedures to enter costs into Vital, the State’s fleet management system administered by the DOAS Office of Fleet Management”, we strongly recommend use of the ARI contract. Exceptions will be granted on a limited basis and only when supported by a justifiable need. Note: Non-mechanical body shop repairs not covered under the state’s vehicle maintenance contract may be paid for with a P-Card program account.

Q: If we need to replace a tire on a leased Enterprise car, are you saying we can't use SWC 90782 for tires and tubes and place the charge on the P-Card?

A: If the repair is the responsibility of the lessee the SWC can be utilized and the P-Card can be used for the payment.

Q: When were the rules changed resulting in auto mechanical repairs not being allowed?

A: This policy dates back to the July 2008 P-Card policy revision and the March 2010 Fuel Card Standards and Guidelines.

Q: We do our auto mechanical repairs in house can don't have the maintenance plan (the Wright Express card). Because I don't think we have a local vendor that will accept it ...can we get an exception?

A: The Motor Vehicle Maintenance Program provides a total fleet management solution to state and local governments. The program, offered through Automotive Resources International (ARI), provides a cost-effective method of handling and tracking motor vehicle operational expenses. The program includes a nationwide supplier network for repairs, preventive maintenance, emergency towing or roadside assistance and ASE-certified mechanics on call. There are more than 3900 suppliers in Georgia. For a list of suppliers in Georgia, please visit the Office of Fleet Management Motor Vehicle Maintenance Program web page at <http://doas.ga.gov/StateLocal/Fleet/Pages/FleetMVCMP.aspx>.

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Foundation Related

Q: What if one of our employees that works with the Foundation has a card as long as we prohibit purchase for the foundations? They are a state employee but they are our liaison to the foundation.

A: According to the policy, "Account holders must be permanent, part-time or full-time State employees whose job requires the use of a purchasing card or related account. There will be no exceptions to the following:

- i. Neither cards nor accounts will be issued to student employees, temporary workers, or contractors.
- ii. Cards and related accounts will not be issued in the name of a Department or work unit to be shared by multiple employees.
- iii. Neither cards nor related accounts will be issued to employees of foundations associated with any Entity.

If this person requires a card to perform their duties outside their foundation role, they may be issued a card and use it for non-foundation related purchases only.

Q: Regarding foundation employees, if they use their operating budget to expense purchases are they still allowed to have a card?

A: No, foundation employees are prohibited by law, and therefore by policy, from being issued P-Cards.

Q: What if a secretary works for two departments - Foundation and Institutional Advancement? Is that person prohibited from carrying a card because of the Foundation affiliation?

A: According to the policy, "Account holders must be permanent, part-time or full-time State employees whose job requires the use of a purchasing card or related account. There will be no exceptions to the following:

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Q: Are foundation members defined by their mission or their salary funding source? Are foundation staff members defined as foundation members if they are paid through E&G funding?

A: As it relates to the P-Card, really both. P-Cards cannot be issued to foundation employees (meaning as defined by the salary funding source) nor can P-Cards be used for foundation related purchases (as defined by mission) even when reimbursements occur. Foundations are separate legal entities and their use of the P-Cards in any way is prohibited.

Q: The new policy bans foundation members from holding a P-Card. Does that policy apply to foundation staff members that use E&G funding for basic operating expenses (office supplies)?

A: This is not new to this revision of the policy. This is a legal and policy requirement dating back to 2008. Regardless, foundation employees are prohibited from being issued P-Cards or making foundation related purchases on P-Cards. E&G purchases made with non-foundation funds should be made by properly authorized state employees eligible for P-Cards and allocated to the appropriate general ledger account.

Accounting and Allocation

Q: When should we make adjustments if we've used the "generic" account to allocate purchases?

A: Starting with the release of this policy revision, effective February 2011.

Q: If the agency has a contract with a vendor, can payments be made with the P-Card and the amounts paid still be tracked?

A: Please check with your senior accounting manager. I'm not clear on what you mean by amounts being "tracked". Both Team Georgia Market Place™ and WORKS allow for the full accounting and reconciliation of P-Card transactions to the appropriate general ledger accounts.

Q: We are using non-generic accounts but we do lump all "items" in a single purchase into the account that best describes the purchase. Is that ok or do we have to split all transactions by each item purchased and allocate that to the correct account?

A: Please contact your senior accounting manager, the DOAS Process Improvement Team or the State Department of Audits and Accounts. Industry best practices include allocating the purchases as precisely as possible. Both Team Georgia Marketplace™ and WORKS allow for full accounting and reconciliation of P-Card transactions to the appropriate general ledger accounts, including the ability to support multiple allocations per transaction by percentage or dollar amount.

Q: So we can no longer use Purchasing Card account Ex. 714190 Purchasing Card?

A: That is correct, based on guidance for the Department of Audits and Accounts.

Eligibility

Q: Can a P-Card user authorize another person to use P-Card if convenience is the issue?

A: I'm not sure what you mean by convenience. The policy and state law require P-Card account holders to initiate transactions on their accounts. The policy states:

When plastic cards are issued, only the employee whose name appears on the face of the P-Card is authorized to initiate transactions with the card. Use of the card by any other person is considered misuse of the card, even if the purchase is for legitimate State business. For Ghost Card accounts and other types of program accounts, only individuals identified as account users or custodians may use the accounts. Use of the accounts by any other person is considered misuse of the accounts, even if the purchase is for legitimate State business.

Persons other than the account holder may not initiate transactions without the account holders participation and approval. To accommodate this, in Team Georgia Marketplace™, cardholders have been added as approvers in the work flow for transactions initiated by requestors and selected for payment by P-Card.

Q: Can a cardholder have both a plastic card and a ghost card?

A: According to the Policy, "Issuance is limited to one Purchasing Card per cardholder. (Exceptions may be made for Ghost Accounts, AP Cards or ePayables, etc.)". Exceptions should be submitted for approval through the Policy Exception request process.

Q: In the Team GA Marketplace training it was suggested that the PO charges be place on an individual P-card (with the approval of the P-Card Holder); however the P-card holder does not place the charge but another person place the charge on the card. The card holder may or may not have access to receipts for reconcile purposes. This is not allowed in the old policy has this been revised and will be allowed under this new policy???

A: The policy and state law require P-Card account holders to initiate transactions on their accounts. The policy states:

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Persons other than the account holder may not initiate transactions without the account holders participation and approval. To accommodate this, in Team Georgia Marketplace™, cardholders have been added as approvers in the work flow for transactions initiated by requestors and selected for payment by P-Card.

All approval and reconciliation procedures have been approved and should be followed as outlined in the policy.

Legal Issues & Credit Checks

Q: Do we need to begin obtaining Security and Immigration Affidavits for all vendors providing services/labor through p-card transactions?

A: This currently falls outside the P-Card policy and is being reviewed separately. Please follow official policies and procedures as they become available.

Q: Will any additional guidelines on what criteria to look for on credit checks ever be issued in relation to the P-Card?

Q: Are credit checks required for normal card renewals?

Q: So, 1 check during the lifetime of the card?

Q: What constitutes "passing" the credit check?

Q: What happens if the credit check on employee is not good? Is the card not approved or revoked if the card has already been issued?

Q: What does "pass the credit check mean"? What constitutes a pass or fail? I understand the background check pass or fail, that is obvious, but am unclear about how you pass or fail a credit check.

A: The requirement for the credit reports was created by HB 1113 and was added to the Statewide Purchasing Card Policy as required to support the law. However, the guidelines for interpreting the credit report requirement are being left to the individual agencies. As such, we are

advising agencies to seek guidance from their legal and HR departments in order to determine what their individual requirements will be for interpreting credit reports.

The intent of these requirements is to ensure both a background check *and* a credit check are completed on all new *and* future cardholders at least once. That being said, if a current cardholder had a background check completed at the time of hiring, that background check can be used to meet this requirement provided that there was no relevant activity (as defined in the policy) found. New background checks would not be required. As stated in the policy, upon the discovery of “any misdemeanors or felonies related to financial wrongdoing, theft, or other act of dishonesty, the cardholder’s privileges are to be terminated immediately and notification sent to the State Cards Program Manager.” If the initial background check revealed any of the listed criminal activities and the individual was hired in spite of that history, his or her card should be revoked and the State Cards Program Manager should be contacted.

Similarly, a credit check should be completed prior to issuing a new Purchasing Card and on existing cardholders prior to their card being reissued. Again, no specifics have been outlined with regard to what information revealed by a credit check would disqualify a state employee from being issued a P-Card. Those criteria should be determined within the agencies or departments issuing the cards.

Allowable Purchases

Q: Postage stamps/postal services allowed under p-card use?

A: Yes.

Q: Can we use p-card to pay for service agreements - garbage disposal, pest control, etc?

A: According to the policy:

The P-Card and related accounts can be used for official purchases of supplies, materials, equipment, or services, where not otherwise prohibited or restricted. All purchases must be within assigned spending limits unless prior, written approval is received to exceed these limits. Card Program Administrators can manage spending limits up to \$5,000 without approval from SPD. Any Single Transaction Limit of \$5,000 or more for Open Market Purchases must receive prior written approval from the State Cards Program Manager using the Special Approval Request, Form SPD-PC003.

Allowable purchases include:

1. Equipment – Single units under \$1,000 for State Agencies, Commissions, or Boards, and under \$3,000 for colleges and universities under the authority of the Board of Regents. Agency policy

must address inclusion in or exclusion of specific types of equipment from any asset inventory systems. (Exception: Entities utilizing Team Georgia Marketplace™ may exceed these thresholds as Team Georgia Marketplace™ allows for the flagging of purchases for the asset inventory system in PeopleSoft. Those state entities not utilizing Team Georgia Marketplace™ must obtain written approval from the State Cards Program Manager or his/her designee prior to the purchase in order to exceed these thresholds.)

2. Supplies and materials up to the account holder's approved Single Transaction Limit and/or approved cycle limit.

3. Single purchase of supplies and materials over \$5,000 provided:

i. For purchases from Statewide Contract (SWC), Agency Contract, or mandatory source:

(a) No prior approval from the State Cards Program Manager is needed to exceed \$5,000. **Note:** Changes to single transaction limits and monthly cycle limits may be made to accommodate these purchases at the discretion of the P-Card Program Administrator.

(b) Documentation must include reference to the SWC or Agency contract number.

ii. For Open-Market Purchases:

(a) Purchase has been competitively bid using eQuote, the Georgia Procurement Registry, or other electronic solicitation tools; and

(b) Program participants have prior, written approval from the local Program Administrator, his/her supervisor, and the State Cards Program Manager using Form SPD-PC003, Purchasing Card Special Approval Request, to exceed the State Single Transaction Limit (STL); and

(c) Documentation must include a reference to the solicitation number.

4. Airline tickets and vehicle rentals for State personnel traveling on official State business as defined in the State Travel Regulations published by the State Accounting Office and the Office of Planning and Budget.

5. Special approval is not needed for the following types of purchases, within approved spending limits, for Colleges, Universities, and technical schools when such purchases are for official student activities:

i. Food and lodging for student activities (but not faculty, staff, coaches, other school employees, volunteers, or other persons not related to the school) when on official school business (e.g. athletic team travel). Documentation must follow guidelines for "group meals" in the State Travel Regulations:

(a) Itemized receipt showing all meals purchased

(b) Roster of participants showing name and signature of each student (for activities not open to the entire campus – e.g. athletic teams, student clubs)

(c) Copy of team schedule or other documentation showing that the meal was an authorized student activity

ii. Food for official research, laboratory animals, or instructional (classroom) use.

iii. Alcoholic beverages (such as cooking wine, etc.) for instructional or classroom use *only* and only when the following steps are taken:

(a) Document the purchase showing that the purchase was for instructional use

(b) Create and document steps to ensure that the alcohol is completely used, disposed of or properly secured between usage to prevent consumption in non-classroom or for non-instructional purposes

(c) Where possible, purchase the alcohol from instructional/culinary supply sources versus a “beverage” or “package” store

6. Food provided for consumption at events or services provided to the general public, state benefit recipients and/or state program participants (other than State employees), or purchased for resale in gift shops, bookstores, etc., and other non-employee meal related use.

7. Purchases of goods or services intended for official State of Georgia work-related use which are not otherwise excluded in the Prohibited Purchases section.

**Q: Any way to purchase fuel for U-Haul rental truck with the p-card since we can't with the fuel card?
We need a way to purchase this type of fuel!**

A: Based on current policy, the purchase of fuel for state owned or rental vehicles is prohibited. Fuel for rental vehicles should be purchased and submitted for reimbursement through the expense reimbursement process.

Q: Can you pay a contract vendor direct with P-card like GCI for envelopes?

A: Yes, all statewide and agency contract purchases as well as sole source and mandatory source purchases are eligible to be paid with the P-Card if the vendor accepts the card as payment.

Non-Card Based Transactions

Q: Is it OK for vendors to keep card numbers "on file"?

A: There is no specific mention of vendors storing card numbers in the policy. We cannot address vendor policies and procedures in a State policy. Nor can we control whether or not they store data that they are given access to. Vendors, as merchants accepting credit card transactions, are bound

by the industry's Payment Card Industry Data Security Standards. Since we are not liable for fraud or misuse when such transactions are reported within two billing cycles, there is little or no risk to the state in relation to this issue.

Q: I heard you mention something about an AP card. What is that and what is that used for?

A: An A/P Card is simply a P-Card assigned to an accounts payable employee and designed to be used to pay invoices sent by vendors that accept credit cards as payments. They are used primarily for one-off, open market purchases where the card was not provided at the time of the transaction.

Q: Can the Ghost Cards be established for the Buyers on the Team GA Marketplace. And if so, who do we contact to established the Ghost Cards?

A: The integration of Ghost Cards into Team Georgia Marketplace™ would involve minor modifications to Team Georgia Marketplace and PeopleSoft and is being considered. Additional information on this initiative will be released as it becomes available.

Miscellaneous

Q: Do you have to complete the lengthy Purchasing certification as a P-Card administrator only?

A: The P-Card Administrator is required to complete the related curriculum for the P-Card Certification. For Administrators that would include the following: Introduction to State Purchasing A and B; Intro to P-Card Principles; Team Georgia Marketplace™ P-Card (only if a Team Georgia Marketplace™ entity); How to Conduct a Self Audit (P-Card) and Team Georgia Marketplace™ P-Card Administrator (only if a Team Georgia Marketplace™ entity). Non-Team Georgia Marketplace™ entities would not be required to take the two Team Georgia Marketplace™ related courses.

Q: How can we get a copy of the PowerPoint slides?

A: The recorded webinar and the presentation are now available on the State Cards Program website at <http://doas.ga.gov/StateLocal/SPD/Services/Pages/SpdCards.aspx>.

Q: When will the P-Card certification exams be available?

A: Final preparation of the P-Card exams is currently underway and they should be available soon. Please watch for announcements soon.

Q: Need a little bit more info on scanning the receipts electronically. Where would this take place? We sign off electronically in the Works application, and keep paper receipts in our files.

A: Please see section IV.B.5.vii. regarding this process and contact me for additional information or with questions.

Q: Are scanned or faxed copies of receipts considered acceptable as back-up documentation, or should we continue requesting the original receipts from vendors? If we eventually go to electronic logging, it sounds although scanned copies would suffice; however, how about the meantime?

A: Receipts, invoices and other supporting documentation from vendors must be originals. Please see section IV.B.5.vii. regarding this process and contact me for additional information or with questions.

Q: When will electronic Visa statements become available? Is there a process to request e-statement?

A: Paperless statements from Bank of America Merrill Lynch are currently available. Please contact the Bank to request discontinuation of the paper statements as well as instructions on turning on electronic statements. Contact Orson Morgan at orson.l.morgan@baml.com or at (404) 607-5040.

Q: Should the original receipt be held by the end user or the buyer?

A: Receipts and supporting documentation should be retained by the appropriate party based on the type of sale and in adherence to the policy of the participating state entity. The goal is to have supporting documentation readily available if required for an audit or inquiry into a sale.

Convenience Fees, Surcharges and Industry Regulations

Q: Are "minimum" order charges allowed or do they fall under the same Visa restrictions as surcharges, etc.?

A: Historically, transactions minimums and/or maximums have been prohibited by VISA regulations. However, the federal government and the payment card industry are currently negotiating terms that could possibly allow minimums and maximums. More information will be provided as it becomes available. Until then, users should work with vendors to have restrictions on card payments waived. Please contact the State Cards Program Manager for details or with specific examples.

Q: SWC vendor for gas/diesel invoices show a Surcharge when billed should they be billing us for this?

A: If the "surcharge" is related solely to acceptance of the card and is not in compliance with the convenience fee guidelines as established by VISA, vendors are in violation of VISA regulations and should be reported to the State Cards Program Manager.

Q: If we pay our Georgia Power bills online, we are charged a service fee of \$3.95. Is this okay?

A: Georgia Power is currently assessing convenience fees in compliance with VISA regulations.

1099 Related

Q: Just to clarify does this mean that we can use our PCard with ANY vendor that accepts, regardless of the Corp status?

A: Yes, the 1099 reporting requirements no longer apply to card based payments. Requirements stay as they are for other for all other forms of payment, including checks and ACH.